

Message Text

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TO AMEMBASSY LAGOS IMMEDIATE

INFO AMEMBASSY LONDON IMMEDIATE

C O N F I D E N T I A L STATE 200865

EXDIS, LAGOS FOR ASST. SECRETARY MOOSE AND AMBASSADOR YOUNG

E.O. 11652: GDS

TAGS:PDEV, RH, AF

SUBJECT: ZIMBABWE DEVELOPMENT FUND AND THE WORLD BANK ROLE

1. WE HAVE AGREED WITH THE BRITISH (VIA SQUIRES AT UK EMBASSY) ON A FEW CHANGES IN SHORT NOTE WHICH MR. MCNAMARA, PRESIDENT OF THE WORLD BANK, PROPOSES TO CIRCULATE TO HIS BOARD OF EXECUTIVE DIRECTORS AT THE APPROPRIATE TIME CONCERNING THE NATURE OF THE PROPOSED ZIMBABWE DEVELOPMENT FUND AND THE POSSIBILITY OF THE WORLD BANK MANAGING THE FUND'S RESOURCES ON AN AGENCY BASIS. MR. MCNAMARA ASKED FOR US AND UK COMMENTS ON HIS NOTE.

2. OUR PROPOSED CHANGES: (A) CLARIFY THAT PART OF THE DONORS' CONTRIBUTIONS MAY BE MADE THROUGH BILATERAL CHANNELS, ALTHOUGH THE MAJORITY WILL BE PAID DIRECTLY TO
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THE FUND; (B) DESCRIBE THE POSSIBLE MAXIMUM CONTRIBUTIONS OF THE US AND UK MORE IN LINE WITH THE ORIGINAL PROSPECTUS (ANNEX C OF THE SETTLEMENT AGREEMENT); (C) NOTE THAT THE US AND UK CONTRIBUTIONS WOULD BE CONDITIONAL UPON EACH OTHER AND UPON EQUITABLE CONTRIBUTIONS FROM OTHER COUNTRIES; AND (D) REMOVE NOTION THAT TECHNICAL ASSISTANCE TO INDEPENDENT ZIMBABWE WOULD NECESSARILY BE "ON A MASSIVE

SCALE." CHANGES (C) AND (D) WERE INITIATED BY BRITISH.

WE WANTED TO CLEAR UP ANY POSSIBLE AMBIGUITIES WITH CHANGES (A) AND (B). ALL OF THEM WILL BE "SUGGESTED" TO MR. MCNAMARA. IN ADDITION, WE HAVE AGREED WITH BRITISH REQUEST THAT WE ASK MR. MCNAMARA IN HIS ORAL COMMENTARY TO THE BOARD TO EMPHASIZE THE FACT THAT THE FUND WILL NOT BE USED TO BUY OUT WHITE RHODESIANS.

3. BRITISH HAVE ALSO PROPOSED THAT AFTER MR. MCNAMARA RELEASES HIS NOTE TO THE BANK BOARD THE US AND UK EXECUTIVE DIRECTORS SHOULD LOBBY THE EXECUTIVE DIRECTORS OF THE BANK WHO REPRESENT OTHER POTENTIAL DONORS. WE HAVE AGREED WITH THE BRITISH THAT THIS WOULD BE USEFUL REINFORCEMENT TO OUR DIRECT BILATERAL DEMARCHES IN CAPITALS AND THAT OUR EXECUTIVE DIRECTORS COULD USE THE SAME AGREED TALKING POINTS THAT WILL BE USED IN CAPITALS. WE WILL RECOMMEND THIS TO OUR EXECUTIVE DIRECTOR.

4. THIS LEAVES THE VERY IMPORTANT QUESTION OF THE TIMING OF MR. MCNAMARA'S COMMUNICATION TO HIS BOARD. MR. MCNAMARA UNDERSTANDS, ACCORDING TO A NOTE FROM HIS STAFF TO THE US AND UK EXECUTIVE DIRECTORS, THAT HIS NOTE TO THE BANK BOARD WILL BE CIRCULATED "BEFORE PUBLIC ANNOUNCEMENT OF THE SCHEME" BY THE UK AND US GOVERNMENTS. WHEN WE ASKED BRITISH HERE WHAT THE TIMETABLE MIGHT LOOK LIKE, CONFIDENTIAL

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THE RESPONSE WAS THAT THE PRESENT TENTATIVE SCHEDULE FOR PLANNING PURPOSES WAS AS FOLLOWS: (A) ON AUGUST 30, MR. MCNAMARA COMMUNICATES WITH HIS BOARD; (B) ON AUGUST 31 WE MAKE OUR JOINT BILATERAL DEMARCHES IN CAPITALS OF POTENTIAL DONORS; (C) ON SEPTEMBER 1 OR 2, THE BRITISH WHITE PAPER WITH THE SETTLEMENT AGREEMENT IS RELEASED PUBLICLY.

5. WE UNDERSTAND THAT BANK NEEDS 24 HOURS TO REPRODUCE FOR CIRCULATION MR. MCNAMARA'S NOTE TO THE BOARD. ACCORDINGLY, BRITISH HERE PLAN TO KEEP IN CLOSE TOUCH WITH LONDON AND CHECK MONDAY MORNING (AUG 29) WITH LONDON TO SEE IF THEY CAN GIVE THE GO-AHEAD THEN FOR REPRODUCTION AND FOR CIRCULATION TO BANK'S EXECUTIVE DIRECTORS ON AUGUST 30. BRITISH UNDERSTAND, HOWEVER, THAT MR. MCNAMARA HIMSELF WILL BE AWAY NEXT WEEK AND THEREFORE WILL NOT BE ABLE TO GIVE ANY ORAL COMMENTS TO THE BOARD UNTIL SEPTEMBER 6.

6. FOR THE MOMENT, WE WILL EMPHASIZE TO MR. MCNAMARA VIA OUR EXECUTIVE DIRECTOR TO THE BANK THAT HE SHOULD WAIT FOR OUR GO-AHEAD BEFORE RELEASING HIS COMMUNICATION

TO HIS BOARD.

7. ACTION REQUESTED: IT WOULD BE USEFUL IF WE KNEW NOW
AN APPROXIMATE POSSIBLE DATE FOR THIS GO-AHEAD. YOUR
VIEWS OF WHERE WE PRESENTLY STAND ON THIS TIMING QUESTION
WOULD BE HELPFUL. CHRISTOPHER

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